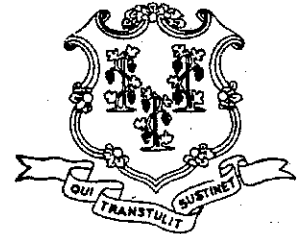
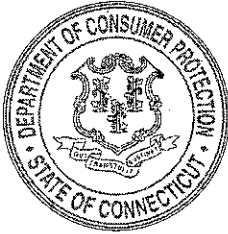


Department of Consumer Protection



Testimony of William Rubenstein Commissioner of Consumer Protection

General Law Committee Public Hearing March 6, 2012

Sen. Doyle, Rep. Taborsak, Sen. Witkos, Rep. Rebimbas and Honorable Members of the General Law Committee, I am William Rubenstein, Commissioner of Consumer Protection. Thank you for giving me the opportunity to appear before you today. It is my pleasure to offer testimony in support of Senate Bill 207, "An Act concerning Residential Heating Oil and Propane Contracts." This proposal originated within the Department of Consumer Protection, so let me begin by thanking you for raising this bill for your committee's consideration.

As you are probably aware, businesses engaged in the retail sale of home heating oil or propane must hold a registration provided by the Department of Consumer Protection. Consequently, my agency is responsible for receiving and investigating consumer complaints against these businesses. And indeed, we do receive a large number of consumer complaints every year regarding confusing contract provisions and allegations of illegal surcharges and deceptive practices against these companies. Some of these complaints have merit while others are not explicit violations of law. However, one thing is clear: there is a great deal of confusion and customer dissatisfaction with the present system. To that end, the Department feels this is the right time to make

meaningful changes in the residential heating marketplace that will benefit the consumers of our state and lead to a reduction in the number of complaints DCP must respond to.

Before describing the specific changes in our proposal, I would like to call to your attention the recent work of the legislature's Program Review & Investigation Committee on this topic. Last year that committee undertook an extensive review of Connecticut's residential propane heating marketplace and made recommendations for improvements. Their report noted the work of the Department of Consumer Protection in documenting consumer complaints as well as our previous recommendations to improve the system. Their report concluded with a list of recommended statutory changes to improve the marketplace and it should be noted that the proposal before you today includes the majority of those recommendations. We applaud the work of the Program Review & Investigation Committee staff and are pleased to report to you that its recommendations and our proposed bill are substantially aligned.

With that, the bill before you proposes to make the following changes:

1) It requires that all contracts for the residential sale of heating fuel be in writing, and contain all the terms and conditions for delivery. All fees, charges, surcharges and/or penalties must be identified in the contract. The contract may not include any damage charges payable to the dealer beyond the actual damage to the dealer because of a breach of the contract by the consumer.

I would add that our proposal does not *require* that all customers enter into a written contract with a dealer. For those consumers that prefer to engage a dealer for "cash on delivery" orders, they may continue to do so at their option.

2) The written contract may not have an automatic renewal clause unless the consumer is given a meaningful right to terminate at the end of the initial term or subsequent anniversary date. The proposed bill gives consumers the same protections that are afforded already for all other types of consumer contracts.

3) Written contracts that include references to guaranteed price plans that refer to terms such as "capped," "Maximum" or "not to exceed" or similar terms must not

increase above the specified price, and must state in clear and specific language how and under what circumstances the price to customers may decrease during the contract period. Further, guaranteed price contracts may not include an automatic renewal provision.

4) The maximum length of time for a contract between customer and dealer shall be eighteen months. In the case of a contract where the dealer installs an underground tank, the contract length may not exceed five years.

5) Contracts must include an "option to buy" provision allowing the consumers to purchase any leased tank and associated equipment for a specified price that is contained in the contract.

6) We further propose specifically permitting the use of "electronic signature" for heating fuel contracts. The proposed bill also permits the written contract requirement to be satisfied by a telephone acknowledgment process if the retail fuel seller has previously provided the consumer with written notification of the terms and conditions; if they use an interactive voice response system or similar, provided that they keep a recording of the consumer's agreement and provide a confirmation letter of same to the consumer.

These are the most significant changes we propose, but the bill also makes a number of minor, technical and conforming changes as well.

Taken as a whole, we believe this proposal will bring significant improvement to the home heating fuel marketplace. We have listened to Connecticut's consumers and responded with a fair and comprehensive package that will lead to improved customer satisfaction with their home heating dealer.

Thank you for the opportunity to comment on this bill today. We look forward to working with committee members to move this important bill forward.

I would be happy to answer any questions you may have.

